

Investor Meeting for the First Half of the Year ending March 2018

November 15, 2017

 SANSHIN ELECTRONICS CO., LTD.

Toshiro Suzuki, Representative Director, COO

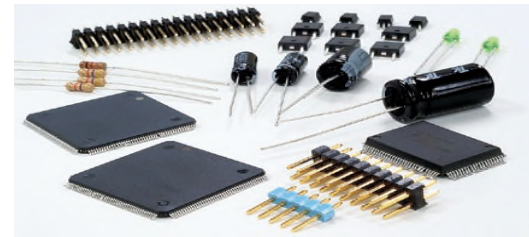
(Stock code: 8150)

As a general electronics trading company committed to being “customers’ best partner,” Sanshin Electronics runs two major businesses: device business and solution business.

Device Business

— Addressing diversified market needs through a wide product lineup —

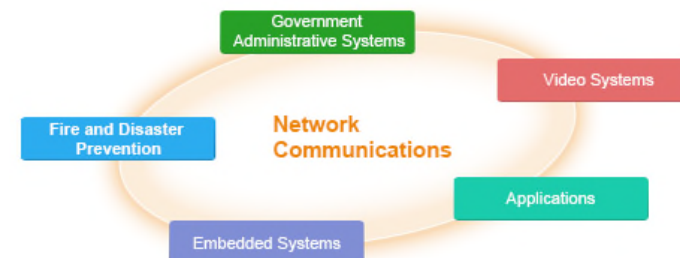
We cover a wide array of manufacturers, from both domestic and overseas major semiconductors/electronic parts makers all the way to emerging manufacturers that are currently developing products with excellent performance. In a time when market needs are constantly diversifying, we respond to our customers’ requests through a full lineup and detailed system of both domestic and overseas sales.



Solution Business

— Building up social infrastructures interconnected through ICT —

With information and telecommunications network at the core of our operations, we are committed to proposing and building up the optimal system to fit our customers’ needs. We provide our customers with a safe and reliable infrastructure through bundled services, including a support menu, after the system implementation.



I. Year Ending March 2018 Performance Summary for the First Half

- Although net sales decreased, business performance improved due to increased profitability in the device business.
- Special retirement benefits in conjunction with voluntary retirement were recorded as an extraordinary loss.

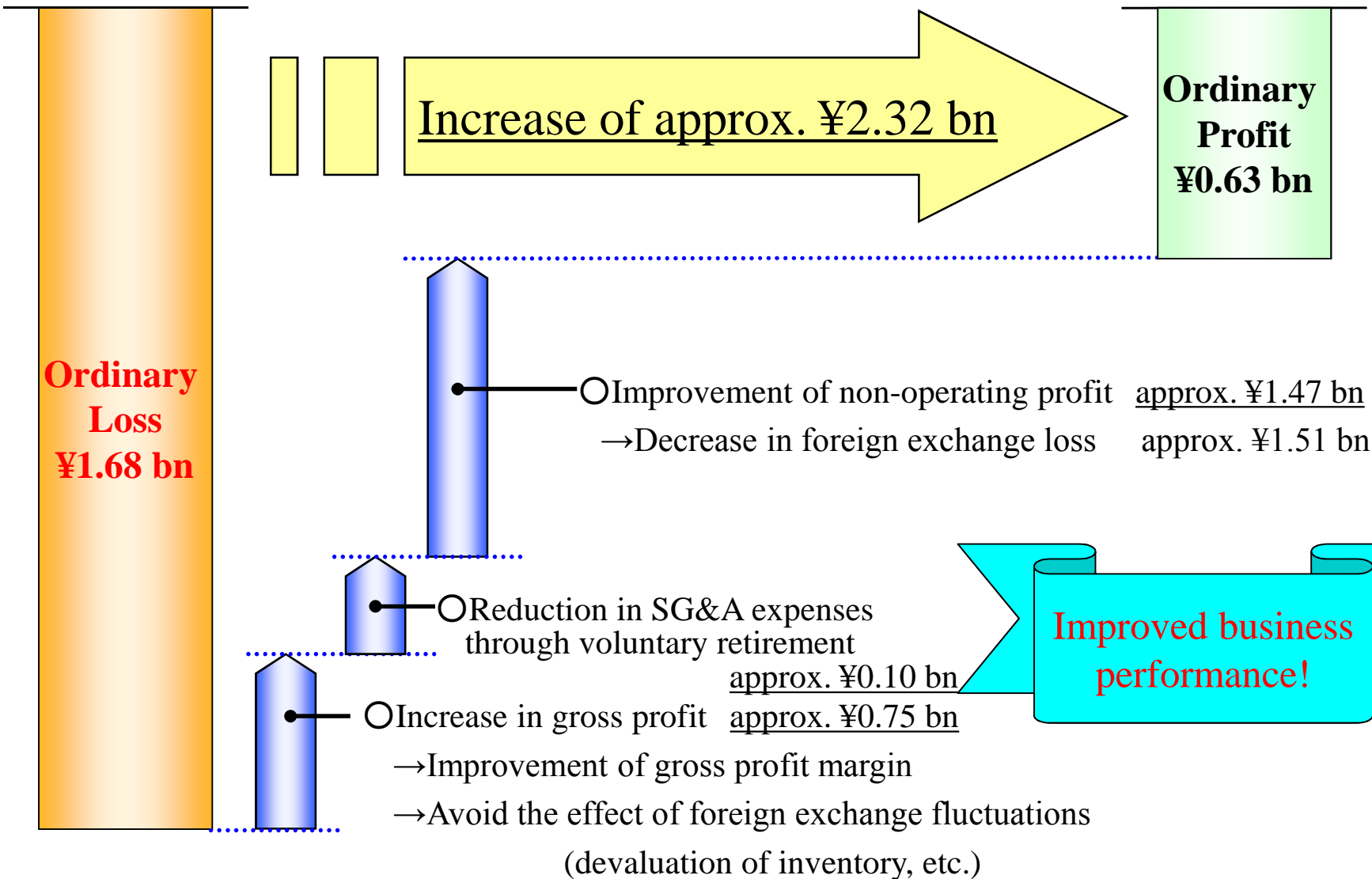
	03/17 1st half Result	03/18 1st half Result	YoY Change	Forecast ^{*1)}	Achievement Ratio
Net Sales	853.1	789.1	92%	790.0	100%
Gross Profit on Sales	5.6% 47.6	7.0% 55.1	116%	6.8% 53.8	102%
SG&A Expenses	5.8% 49.5	6.1% 48.5	98%	6.2% 49.0	99%
Operating Profit/Loss	-0.2% -1.9	0.8% 6.6	8.5	0.6% 4.8	138%
Ordinary Profit/Loss	-2.0% -16.8	0.8% 6.3	23.2	0.6% 4.5	141%
Net Profit/Loss Attributable to Shareholders of Parent Company	-2.3% -19.7	0.5% 3.6	23.2	0.1% 1.0	356%
Interim Dividend Per Share	¥10	¥10	±¥0	¥10	±¥0
Exchange Rate (1 US dollar)	¥105.35	¥111.07	¥5.72	¥110.00	¥1.07

*1) Figures in the Forecast section were revised at the announcement on August 4, 2017 of the results for the First Quarter of March 2018 Term.

*2) Figures in the YoY Change section represent increases or decreases in operating profit/loss, ordinary profit/loss, net profit/loss, interim dividend per share, and exchange rate.

03/17 1st Half Result

03/18 1st Half Result



■ Changes in the Business Environment

- Concern regarding political trends and geopolitical risk in the U.S. and main European nations; steady growth of the Japanese economy, although said growth lacks strength.
- Growth of markets related to advanced driving support systems, IoT, M2M, etc.; steady growth of IT investment such as clouds.

■ Device Business

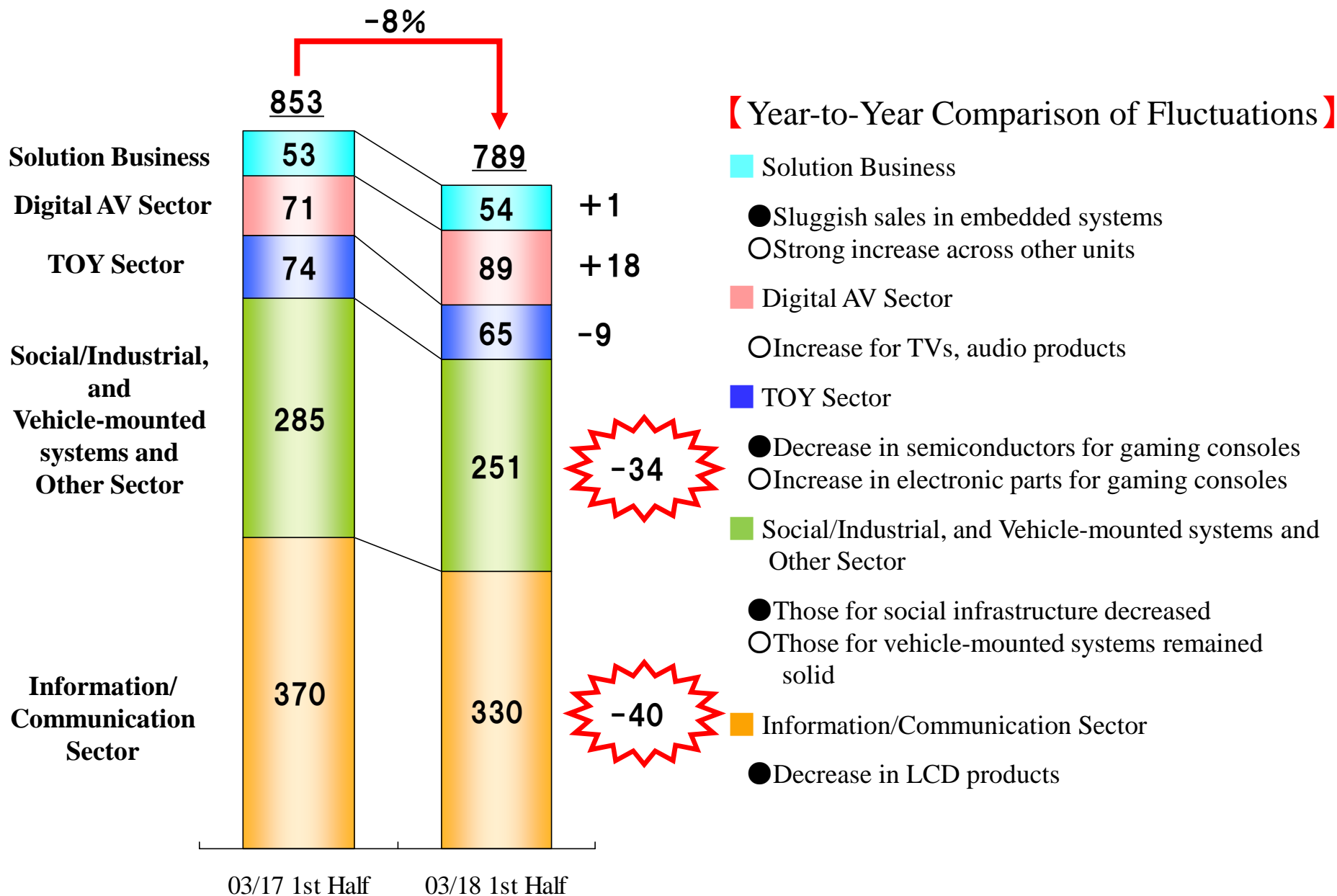
- Net sales of some products decreased due to stagnating sales of LCD products and changes in the product strategy of suppliers.
- Segment profit increased due to improvement of the gross profit margin, devaluation of inventory, and significant decrease in foreign exchange loss.

■ Solution Business

- Although sales of embedded systems stagnated, net sales increased strongly across other units.
- Segment profit decreased slightly YoY due to expansion of personnel meant to strengthen our business power.

		03/17 1st half Result	03/18 1st half Result	YoY Change
Device Business	Net Sales	799.9	735.0	92%
	Operating Profit/Loss	0.0% -0.2	1.1% 8.2	8.4
	Segment Profit/Loss	-2.5% -20.0	0.4% 3.2	23.3
Solution Business	Net Sales	53.2	54.1	102%
	Operating Profit/Loss	7.4% 4.0	8.4% 4.5	115%
	Segment Profit/Loss	6.0% 3.2	5.7% 3.1	97%
Exchange Rate (1 US dollar)		¥105.35	¥111.07	¥5.72

*Figures in the YoY Change section represent increases or decreases in operating profit/loss and segment profit/loss for the device business, and in the exchange rate.



II. V70 Medium-Term Management Plan



SANSIN ELECTRONICS CO., LTD.

V70 Medium-Term Management Plan – Basic Policies

- Business environment
 - Instability in exchange rates/stock markets, customer/supplier/competitor's business acquisitions and sell-offs
 - Reduction of suppliers' products and termination of the digitalization of wireless communication for firefighting and emergency services
 - Rise of new business fields such as cloud computing/IoT

In order to provide compelling value to all of our stakeholders, including employees, customers, suppliers and shareholders, Sanshin Electronics will establish a strong revenue base that can overcome changes in the business environment

Strengthening of business capability

- ◆ Returning to profitability in the device business
- ◆ Strengthening of revenue base of the solution business
- ◆ Investment for strengthening of alliance

Enhancement in capital efficiency

The following measures to be implemented in the 3 terms extending from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2020

- ◆ Increase in dividend payout ratio to around 100%
- ◆ Acquisition of treasury stocks up to ¥20 billion (10 million shares) in total for the 3 terms

Strengthening of corporate governance

V70
quantitative
target

ROE of 5% by the final year (fiscal year ending March 31, 2021)

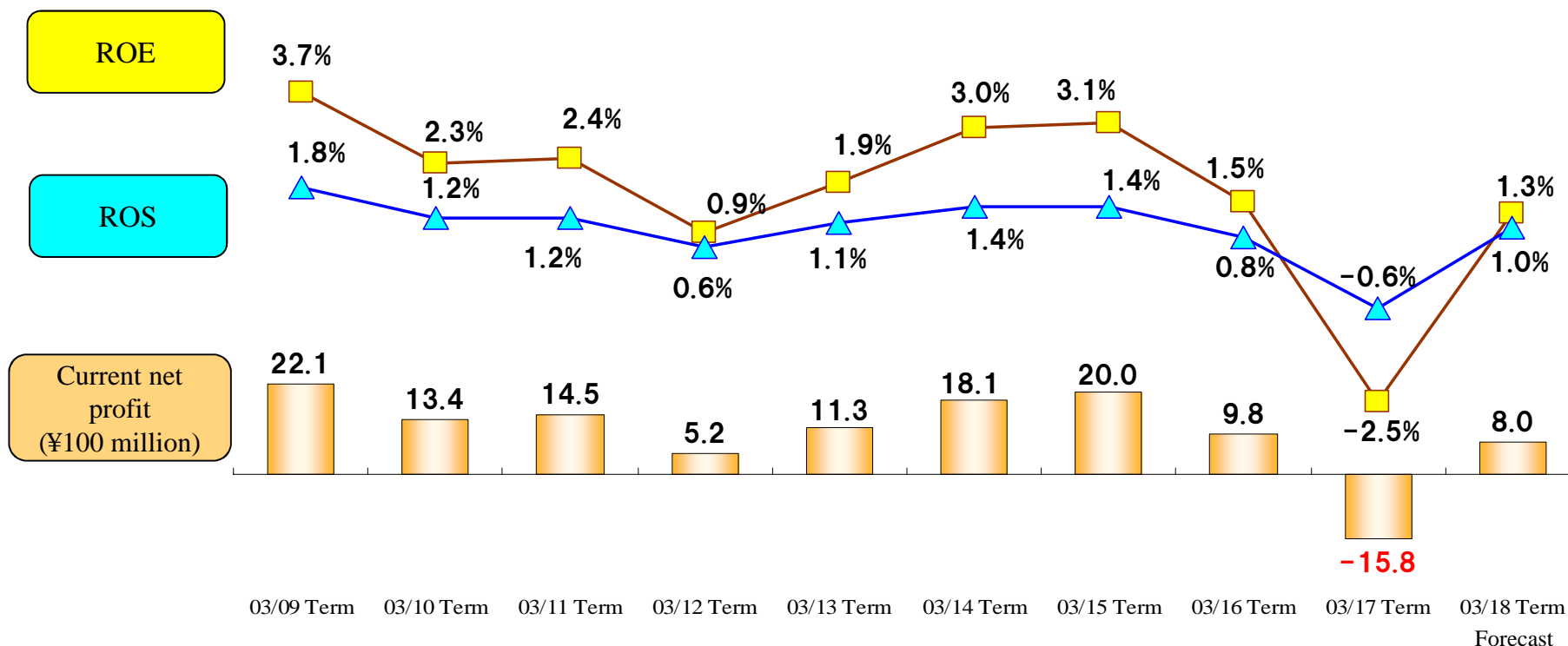
Consolidated ordinary profit of ¥3 billion in the final year

V70 Medium-Term Management Plan

With aims to attain **ROE of 5%** and **return on sales of 2%**, the V70 Medium-Term Management Plan (to be concluded in the 70th Term) started in the last fiscal year.

However, the Company posted weak results for the first year of V70, mainly due to fluctuation of exchange rates. The Company reviewed the measures for strengthening of business capability and **enhancement in capital efficiency**.

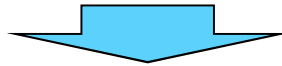
Decision on partial revision and additional measures relating to V70



Dividend Per Share	¥38	¥38	¥20	¥20	¥20	¥20	¥20	¥40	¥25	¥25
Payout Ratio	35.5%	53.1%	45.2%	41.8%	117.0%	51.7%	31.4%	56.3%	—	88.1%
Equity Ratio	61.4%	72.1%	68.6%	64.5%	73.5%	72.3%	66.6%	64.5%	65.4%	69.5%

(Business environment)

- Due to structural changes in manufacturing in the electronics industry, price competition has become harsher, and the risk relating to fluctuating exchange rates and inventory has increased.
- Group's offering products decreased after change in product strategies by major suppliers.



Requiring to reform its revenue structure urgently, the Company strengthens the following measures:

1) Reform of business portfolio

Departure from dependence on low-growth and low-profitability business (increase in the ratio of high-growth and high-profitability business)

- Placing priority on the markets where growth is highly expected, such as IoT and automobiles
- Promotion of solution provider business through enhancement in Sier capability
- Investment for strengthening of alliance for creation of new business opportunities

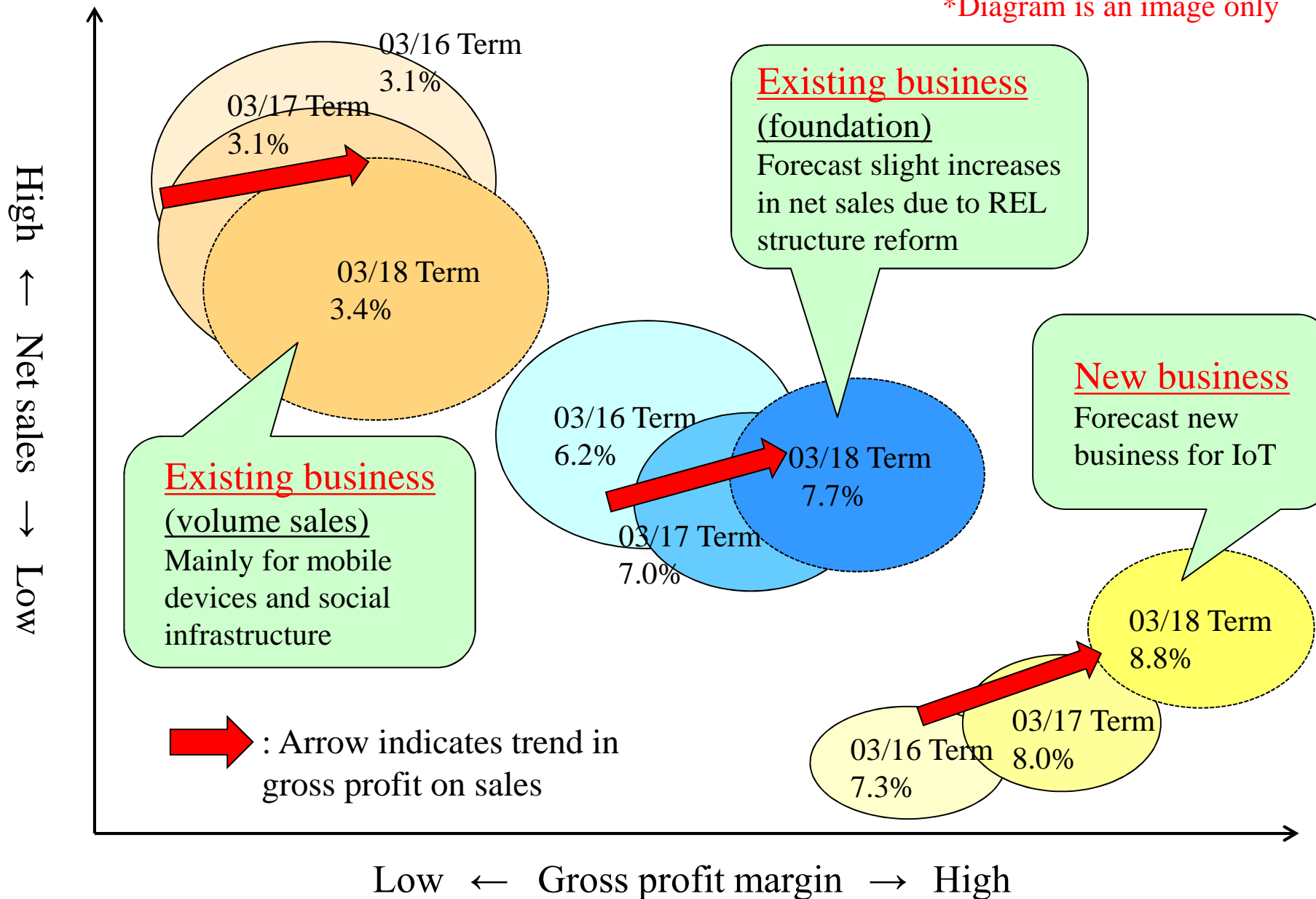
2) Enhancement in profitability of existing business

Enhancement in profitability of volume sale business, etc., which is currently our primary revenue source

- Maximization of effect of fixed cost reduction through reform of cost structure
- Strengthening of risk management relating to currency exchange rates and inventory

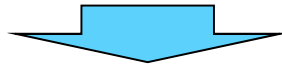
Reform of Device Business Portfolio

*Diagram is an image only



(Business environment)

- As the cloud service has become popular, utilization form of IT has changed (“possession” ⇒ “utilization”).
- Special demand toward the digitalization of wireless communication for firefighting and emergency services, which had been a main factor of the revenue increase in Company’s solution business since the fiscal year ended March 31, 2013, ceased.



The Company needs to find new revenue sources and implement measures allowing it to attain medium-to long-term growth.

1) Expansion of cloud service portfolio

Expansion of the portfolio of our cloud services covering IaaS, PaaS and SaaS in addition to the housing service

- Utilization of Sanshin Data Center and collaboration with other companies’ services
- Further enhancement in corporate value as an engineering organization through recruiting more skilled people and strengthening of alliance

2) Maximization of synergy effects between business units (BUs)

Enhancement in customer share and expansion of business domain of each BU

- Creation of synergy effect by utilizing strength of each BU (customer base, merchandises and services)

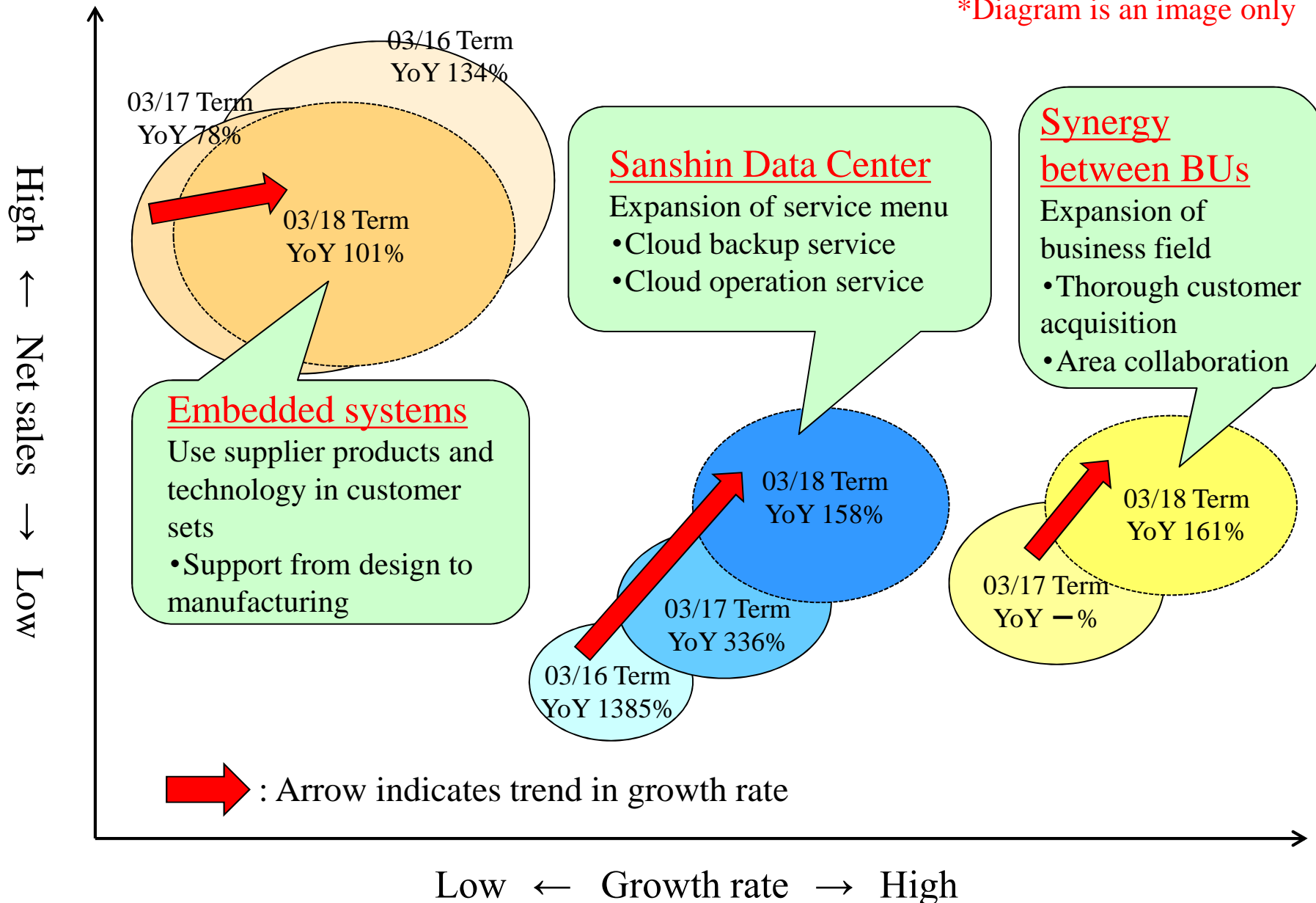
3) Strengthen and expand sales of embedded systems

Acquisition of customers and expansion of sales across the Sanshin Group

- Increase in both quality and quantity through implementation of cross-business projects with the device business and through enhanced cooperation with suppliers

Progress Status for Measures in Solution Business

*Diagram is an image only



As it is expected that business decision requiring to take risk would increase, the Company will make efforts to develop the environment to support such decision-making, in order to attain the goals of V70.

Main Activities

Strengthening of functions of independent External Directors

Appointment of 3 independent External Directors from June 2016

- Independent External Directors appointed as 3 of the 4 main members of the Nominal and Remuneration Advisory Committees.
- Continuing to hold discussions with Company's management and to hold liaison meetings consisting only of independent External Directors.

Introduction of new performance-based compensation plan for Directors

Approval of the performance-based stock compensation plan for Directors at the General Meeting of Shareholders held in June of this year

- By sharing benefits and risk relating to rises and falls in the Company share price, Directors' awareness to Company's mid- and long-term performance and its corporate value will enhance.

Establishment of performance-based bonus payment policy for Directors

- By reflecting Company's business results in the bonus to each Director, his or her management accountability in each fiscal year can be clarified.

III. Year Ending March 2018

Full-Year Business Forecasts



SANSIN ELECTRONICS CO., LTD.

- We forecast that, although net sales will decrease, profit will increase due to improved gross profit margin, decreased SG&A expenses, and improved non-operating profit.

	03/14 Result	03/15 Result	03/16 Result	03/17 Result	03/18 Forecast	YoY Change
Net Sales	1,922.4	2,190.9	1,990.8	1,676.6	1,530.0	91%
Gross Profit on Sales	6.4% 123.9	6.3% 137.2	6.1% 122.3	6.4% 106.9	7.4% 113.4	106%
SG&A Expenses	5.1% 98.7	4.8% 104.6	5.2% 103.2	5.9% 98.8	6.4% 97.4	99%
Operating Profit/Loss	1.3% 25.2	1.5% 32.6	1.0% 19.1	0.5% 8.0	1.0% 16.0	199%
Ordinary Profit/Loss	1.4% 26.6	1.4% 31.2	0.8% 15.0	-0.6% -9.5	1.0% 15.0	24.5
Net Profit/Loss Attributable to Shareholders of Parent Company	0.9% 18.1	0.9% 20.0	0.5% 9.8	-0.9% -15.8	0.5% 8.0	23.8
ROE	3.0%	3.1%	1.5%	-2.5%	1.3%	3.8%
Annual Dividend Per Share	¥20	¥40	¥40	¥25	¥25	±¥0
Payout Ratio	31.4%	56.3%	115.3%	—	88.1%	—
Exchange Rate (1 US dollar)	¥100.23	¥109.93	¥120.14	¥108.42	¥110.00	¥1.58

*1) Figures in the YoY Change section for ordinary profit/loss, net profit/loss, ROE, annual dividend per share, and exchange rate represent increases or decreases.

*2) Forecast for ROE in the fiscal year ending March 2018 does not factor in the impact of acquisition of treasury stocks..

■ Device Business

- We forecast that net sales will decrease by 11% on a year-to-year comparison, and that the segment profit will be ¥0.42 bn due to improvement of gross profit margin and decrease of SG&A expenses.
- We forecast a decrease in LCD products, strong growth for vehicle-mounted systems, and establishment of new business with a focus on IoT.

■ Solution Business

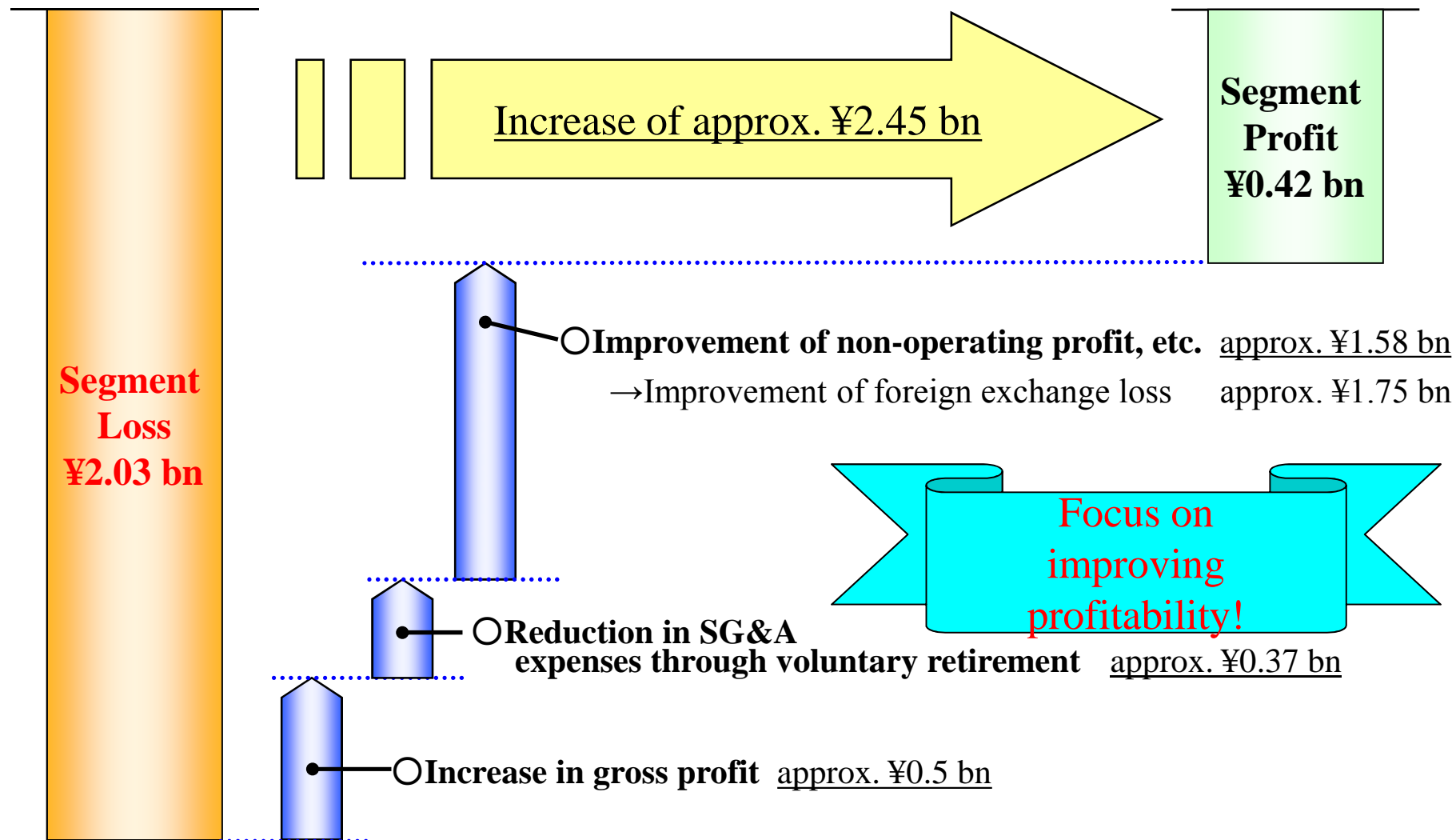
- We forecast that net sales will increase by 15% on a year-to-year comparison and that the segment profit will be ¥1.08 bn, almost the same level with the previous term.
- We expect that sales decline in the previous year can be compensated by increases in sales in the business units for public institutions, embedded systems and NW.

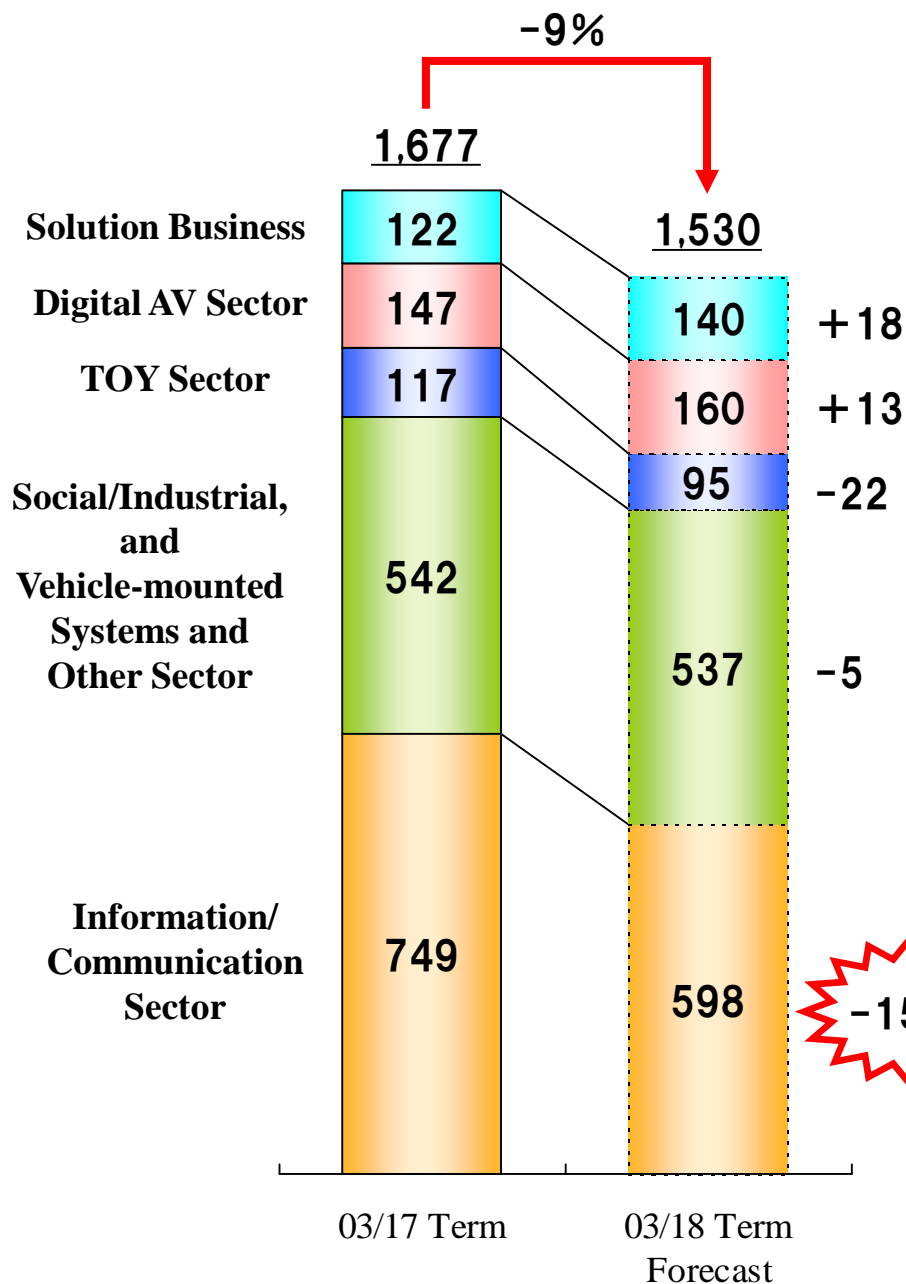
		03/14 Result	03/15 Result	03/16 Result	03/17 Result	03/18 Forecast	YoY Change
Device Business	Net Sales	1,760.5	2,024.5	1,833.3	1,554.8	1,390.0	89%
	Operating Profit/Loss	1.1% 19.9	1.3% 26.6	0.7% 13.0	0.4% 6.8	1.1% 15.6	228%
	Segment Profit/Loss	0.6% 10.8	0.7% 14.7	-0.1% -1.0	-1.3% -20.3	0.3% 4.2	24.5
Solution Business	Net Sales	161.9	166.4	157.5	121.7	140.0	115%
	Operating Profit/Loss	10.8% 17.5	11.0% 18.3	11.3% 17.8	10.1% 12.4	10.2% 14.3	116%
	Segment Profit/Loss	9.8% 15.8	9.9% 16.5	10.1% 16.0	8.8% 10.8	7.7% 10.8	100%
Exchange rate (1 US dollar)		¥100.23	¥109.93	¥120.14	¥108.42	¥110.00	¥1.58

*Figures in the YoY Change section for segment profit/loss and exchange rate for the device business represent increases or decreases of amount.

03/17 Result

03/18 Forecast





【 Year-to-Year Comparison of Fluctuations 】

- Solution Business
 - Those for NW/public systems will increase
- Digital AV Sector
 - Those for TVs/audio products will recover
- TOY Sector
 - Semiconductors for gaming consoles will decrease
 - Electronic parts for gaming consoles will increase
- Social/Industrial, and Vehicle-mounted Systems and Other Sector
 - Those for social infrastructure will decrease
 - Those for vehicle-mounted systems will remain solid, and new businesses will be launched
- Information/Communication Sector
 - LCD products will decrease

● Policy on Distribution of Profits

The Company considers profit returns to its shareholders as one of the most important management issues.

The Company's basic policy is to determine dividends by comprehensively considering the need to maintain a balance between rewarding of shareholders, investment to gain opportunities for growth, attainment of sufficient retained earnings to enable sustainable growth, and improvement in capital efficiency. Under this policy, the Company has set a target for its dividend payout ratio of around 50% on a consolidated basis.

● Predicted Dividends for the Year Ending March 2018

- An annual dividend of ¥25 per share, the same amount of the previous fiscal year
 - ¥10 at midterm; ¥15 at term-end
 - Consolidated dividend payout ratio of 88.1%
- Average consolidated dividend payout ratio from the term ended Mar. 2014 to the term ending Mar. 2018: 105.3%

Forecast of Shareholder Returns

	03/14 Term Result	03/15 Term Result	03/16 Term Result	03/17 Term Result	03/18 Term Forecast
1) Consolidated net profit	¥1,806 million	¥2,003 million	¥978 million	-¥1,575 million	¥800 million
2) Comprehensive profit	¥3,385 million	¥3,993 million	-¥1,106 million	-¥720 million	-
3) Consolidated equity ratio	66.6%	64.5%	66.3%	65.4%	69.5%
4) Total dividend (Dividend per share)	¥563 million (¥20)	¥1,127 million (¥40)	¥1,127 million (¥40)	¥704 million (¥25)	¥704 million (¥25)
5) Consolidated payout ratio	31.4%	56.3%	115.3%	-	88.1%
6) Value of treasury stocks acquired (Number of shares acquired)	¥366 million (600 thousand shares)	-	-	-	Suspense
7) Total payout ratio (4+6) ÷ 1	51.4%	56.3%	115.3%	-	Suspense
8) Cancellation of treasury stocks	1,000 thousand shares	-	-	-	Suspense
9) Total number of shares issued (Excluding treasury stocks)	29,281 thousand shares (28,179 thousand shares)	29,281 thousand shares (28,179 thousand shares)	29,281 thousand shares (28,179 thousand shares)	29,281 thousand shares (28,179 thousand shares)	Suspense
10) Net profit per share	¥63.78	¥71.11	¥34.70	-¥55.90	¥28.39
11) Net assets per share	¥2,209.24	¥2,328.64	¥2,249.40	¥2,183.84	¥2,196.45

- *1) Those acquired along with purchase requests for odd shares are not included in the number of treasury stocks acquired.
 2) Net profit per share is calculated based on the average number of issued shares (shares other than treasury stocks) during the period.
 3) Net assets per share is calculated based on the total number of shares issued (excluding treasury stocks) at fiscal year end.
 4) The forecast for consolidated equity ratio, total dividend and consolidated payout ratio for 03/18 term does not factor in the impact of acquisition of treasury stocks.
 5) The forecast for net profit per share and net assets per share for 03/18 term is calculated based on the total number of shares issued (excluding treasury stocks) as of September 30, 2017.
 6) The value of treasury stocks acquired until 03/16 term is ¥6,035 million (8,281 thousand shares, of which 7,179 shares were cancelled).

IV. Financial Situation

- Regarding the results of the term ended September 30, 2017, total assets were ¥92.9 bn; cash and deposits decreased mainly due to repayment of debt; and the equity ratio was 66.4%.
- Regarding the forecast for the fiscal year ending March 2018, total assets will be ¥89.0 bn; the equity ratio will be 69.5%, and debt reduction is scheduled as in the term discussed above.

1) Balance Sheets

	FY ended Mar. 17 Result (A)	H1 ended Sept. 17 Result (B)	B-A Increase/ Decrease	FY ending Mar. 18 Forecast (C)	C-A Increase/ Decrease
Cash and deposits	196.0	147.4	-48.6	150.0	-46.0
Accounts receivable	526.1	536.5	10.4	505.0	-21.1
Inventories	113.3	148.7	35.4	120.0	6.7
Other assets	106.1	96.8	-9.3	115.0	8.9
Total assets	941.4	929.3	-12.2	890.0	-51.4
Accounts payable	167.2	198.3	31.1	165.0	-2.2
Interest bearing liabilities	131.2	82.9	-48.4	72.9	-58.3
Other liabilities	27.7	30.8	3.1	33.1	5.5
Total net assets	615.4	617.3	1.9	618.9	3.5
Total liabilities and net assets	941.4	929.3	-12.2	890.0	-51.4
Equity ratio	65.4%	66.4%	1.0%	69.5%	4.1%

2) Cash Flows

	FY ended Mar. 17 Result	H1 ended Sept. 17 Result	FY ending Mar. 18 Forecast
Decrease (increase) in accounts receivable-trade	27.8	-7.9	21.2
Decrease (increase) in inventories	68.0	-34.6	-6.7
Increase (decrease) in accounts payable-trade	-52.6	29.7	-2.2
Other	7.5	16.0	8.5
Operating C/F	50.7	3.2	20.8
Investing C/F	-7.3	0.3	-1.0
Financing C/F	52.6	-52.6	-65.8
Foreign currency conversion adjustments	-0.9	0.5	
Increase (decrease) in cash and deposits	95.1	-48.6	-46.0
Increase in cash and deposits from newly consolidated subsidiary			
Balance of cash and deposits at term-end	196.0	147.4	150.0

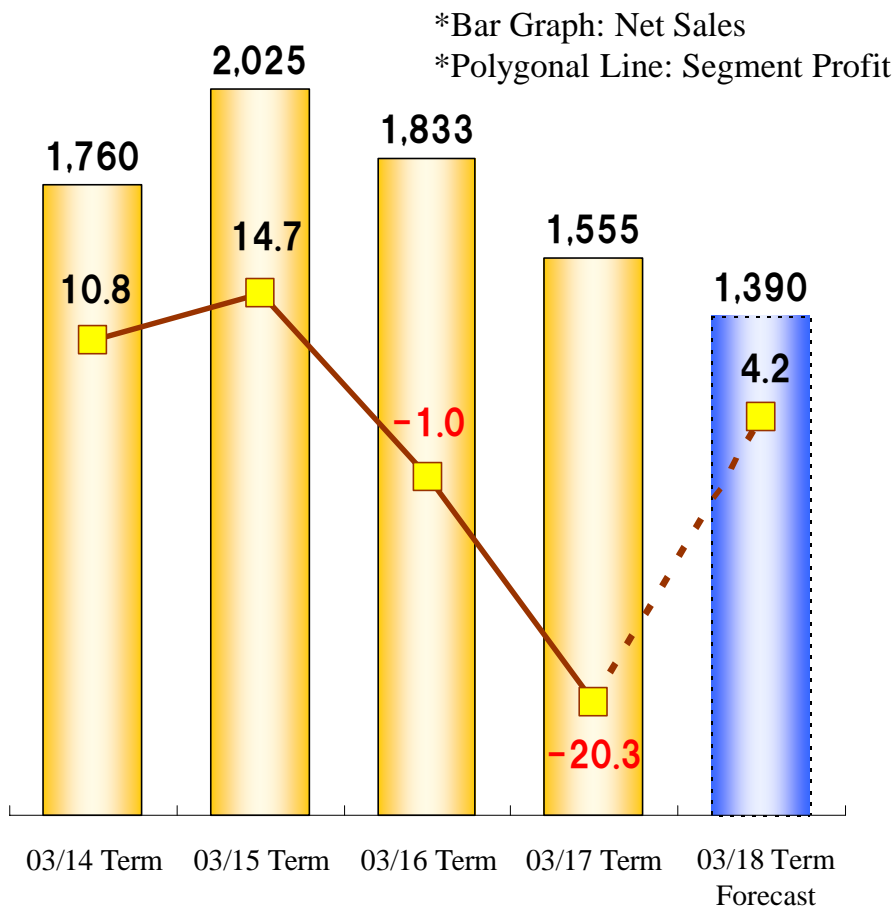
* Forecast for the fiscal year ending March 2018 does not factor in the impact of acquisition of treasury stocks.

Supplemental Materials

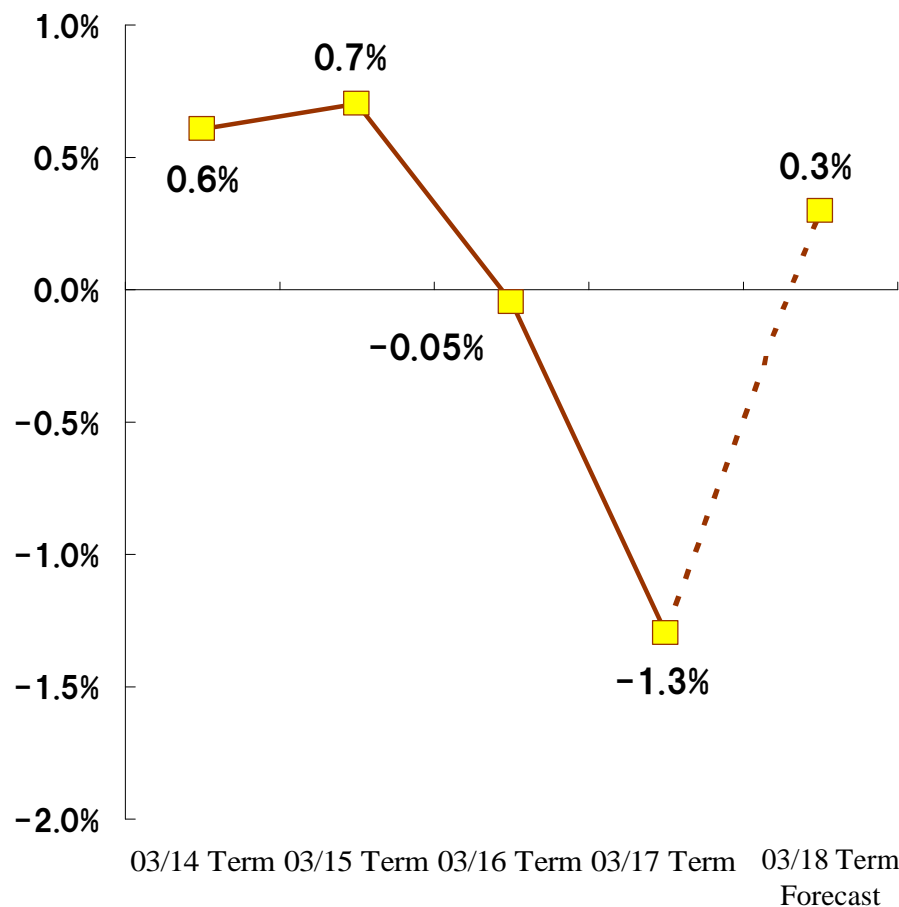
Year Ending March 2018 Device Business Forecasts

After recording segment loss for two consecutive fiscal years, we will focus on reform of our business portfolio to enhance profitability

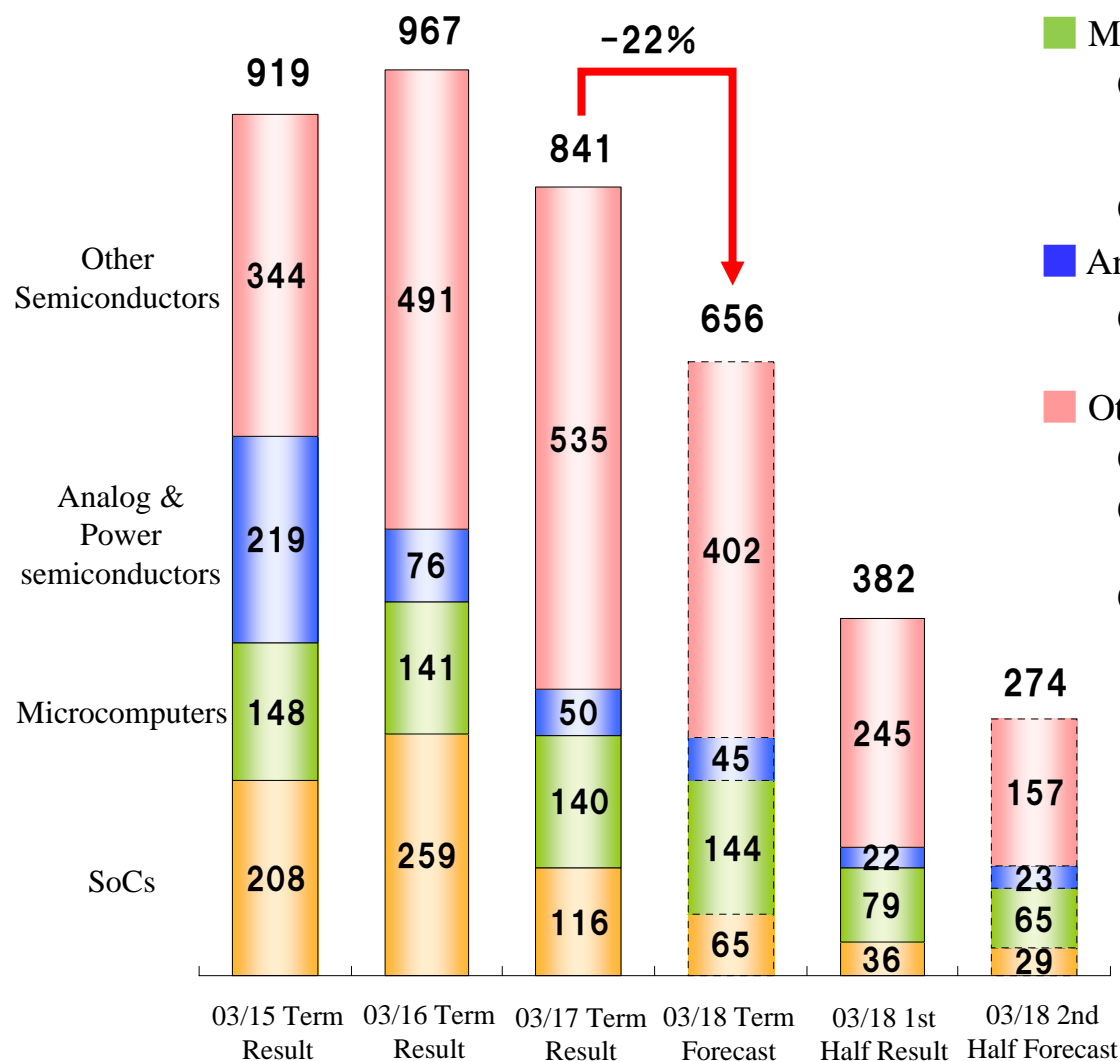
Net Sales/Segment Profit



Segment Profit Ratio



Sales for the Full Year



【 Year-to-Year Comparison of Fluctuations 】

SoCs (System LSIs)

● Those for gaming consoles will decrease overall

Microcomputers

○ Those for vehicle-mounted systems and household electrical appliances will remain solid

● Those for gaming consoles will decrease

Analog & Power Semiconductors

● A decrease is expected due to planned production cease at a supplier

Other Semiconductors

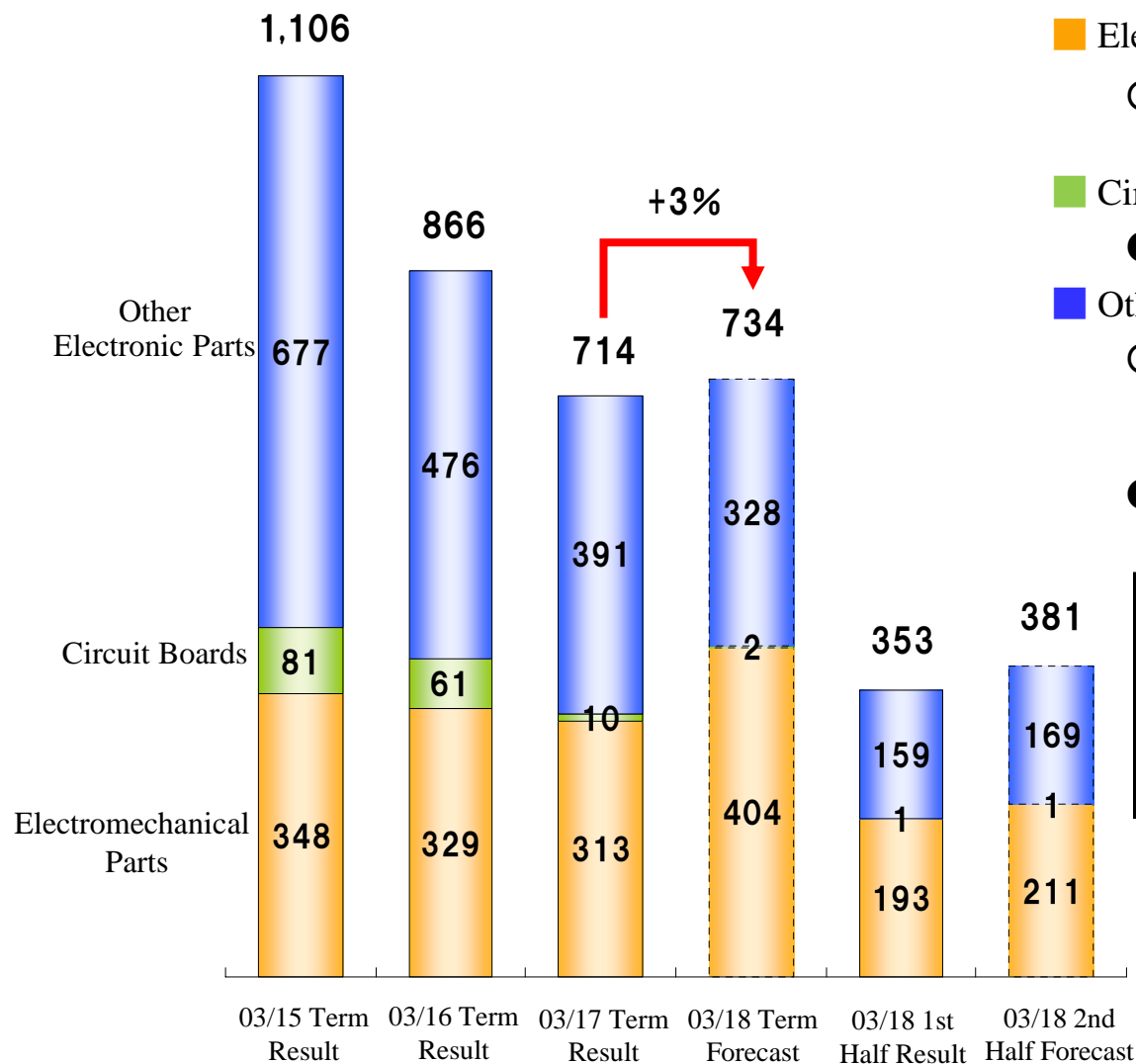
● LCD products will decrease

○ Those for storage, motors, and vehicle-mounted systems will increase

○ An increase in sales of new businesses such as wireless ICs is expected

	YoY Change
SoCs	-44%
Microcomputers	+3%
Analog & Power Semiconductors	-9%
Other Semiconductors	-25%

Sales for the Full Year



【 Year-to-Year Comparison of Fluctuations 】

Electromechanical Parts

○ Those for mobile devices and gaming consoles will increase

Circuit Boards

● Those for mobile devices will decrease

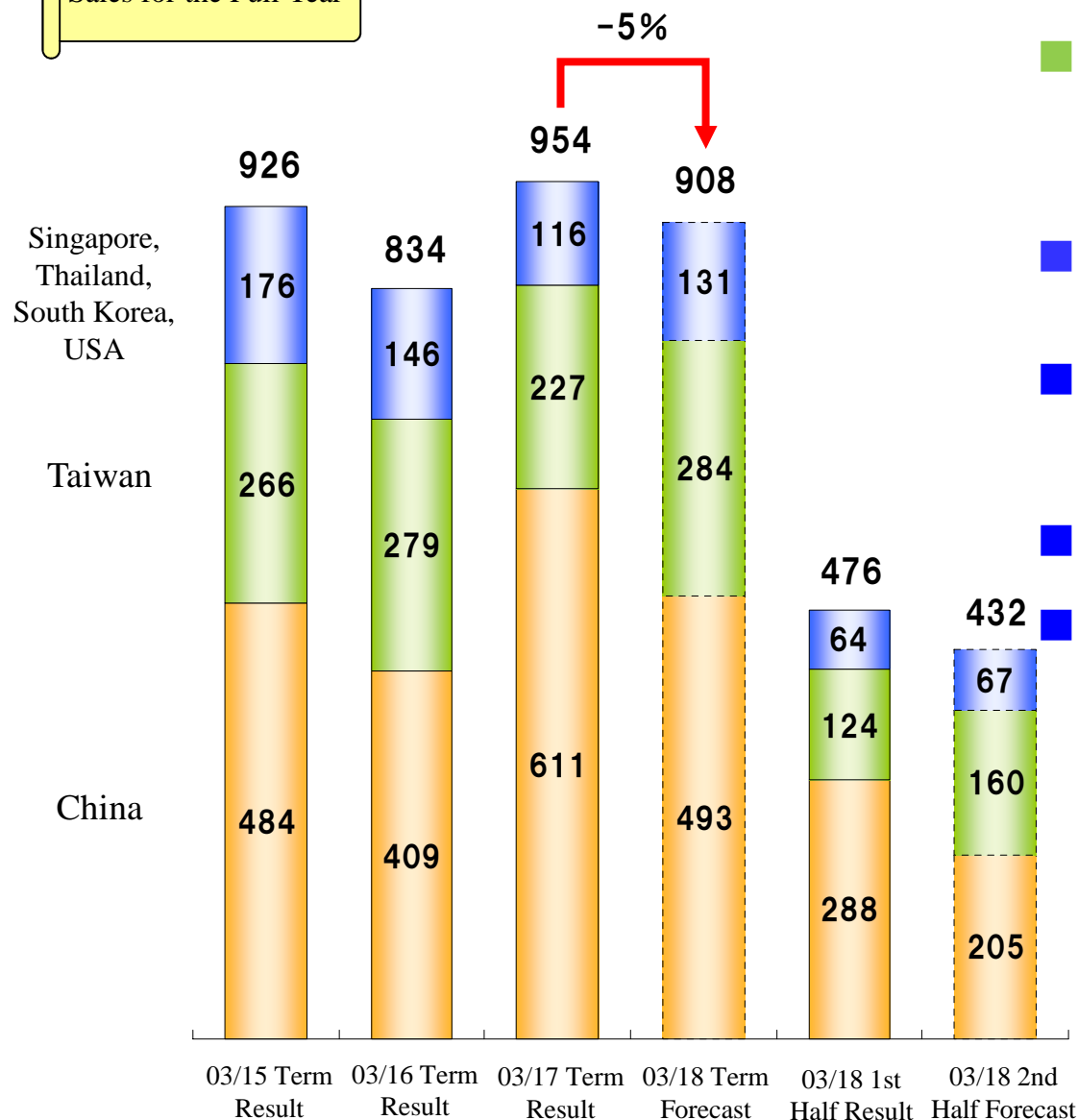
Other Electronic Parts

○ We expect new businesses including solution proposals for modules/finished products

● Those for social infrastructure will decrease

	YoY Change
Electromechanical Parts	+29%
Circuit Boards	-80%
Other	-16%

Sales for the Full Year



【Year-to-Year Comparison of Fluctuations】

- China
 - LCD products will decrease
- Taiwan
 - Those for mobile devices and new business will increase
 - Semiconductors for gaming consoles will decrease
- Singapore
 - Those for mobile devices and storage will increase
- Thailand
 - Those for vehicle-mounted systems/household electrical appliances will increase
- South Korea
 - Those for mobile devices will increase
- USA
 - Those for golf navigation systems and mobile games will decrease

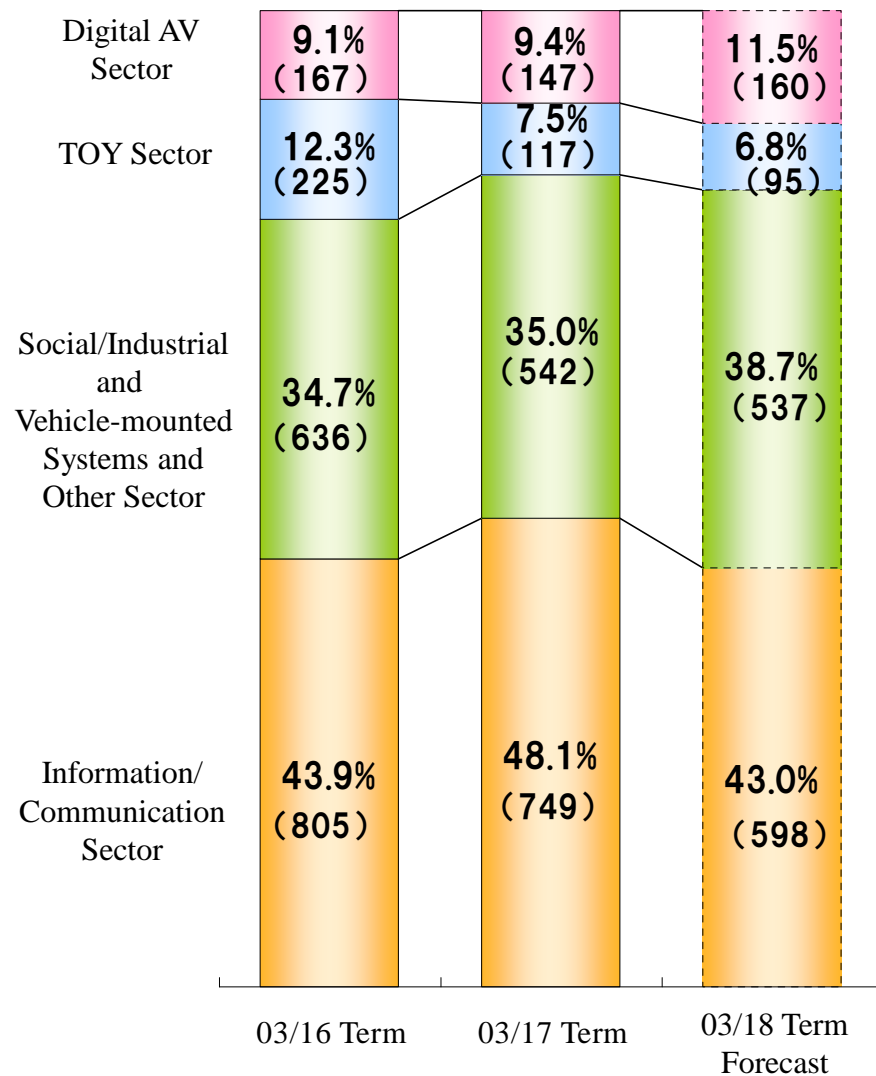
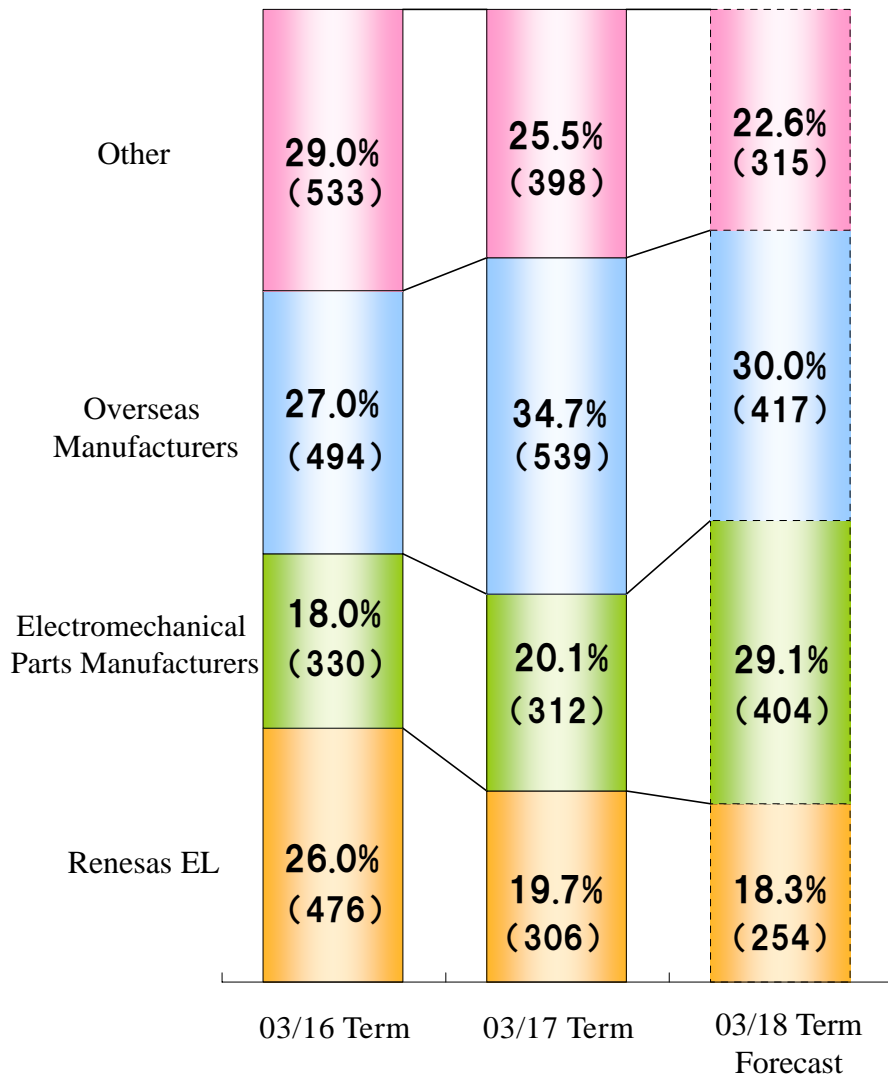
	YoY Change
China	-19%
Taiwan	+25%
Singapore	+18%
Thailand	+3%
South Korea	+21%
USA	-11%

Sales Composition Ratio for Device Business

Sales Composition Ratio by Supplier

* Figures in brackets represent net sales (unit: ¥100 million)

Sales Composition Ratio by Sector



Supplemental Materials

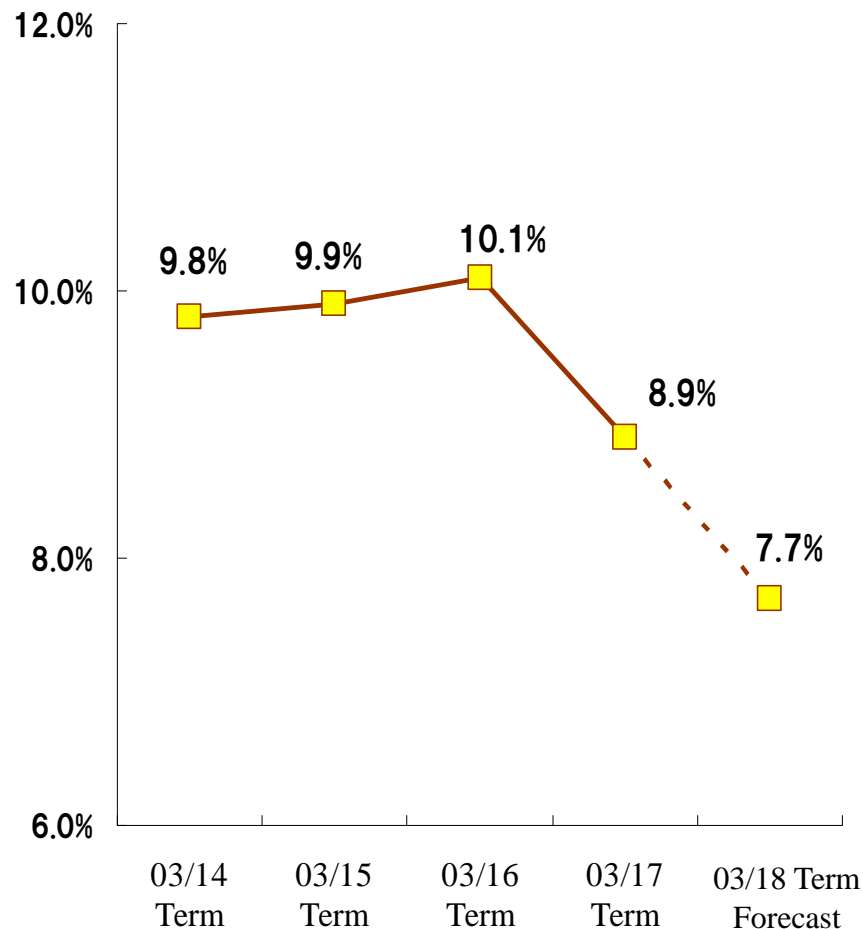
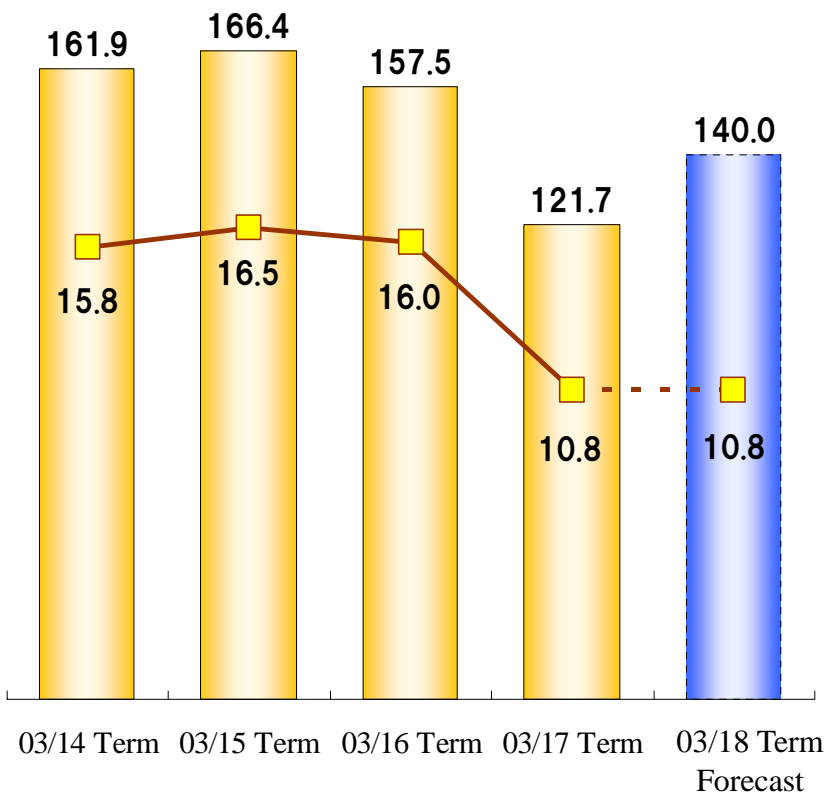
Year Ending March 2018 Solution Business Forecasts

After recording decreases in both sales and profit, we forecast that, despite of an increase in sales, profit would remain at the same level with the previous term, but need to focus on building a highly profitable revenue base.

Net Sales/Segment Profit

Segment Profit Ratio

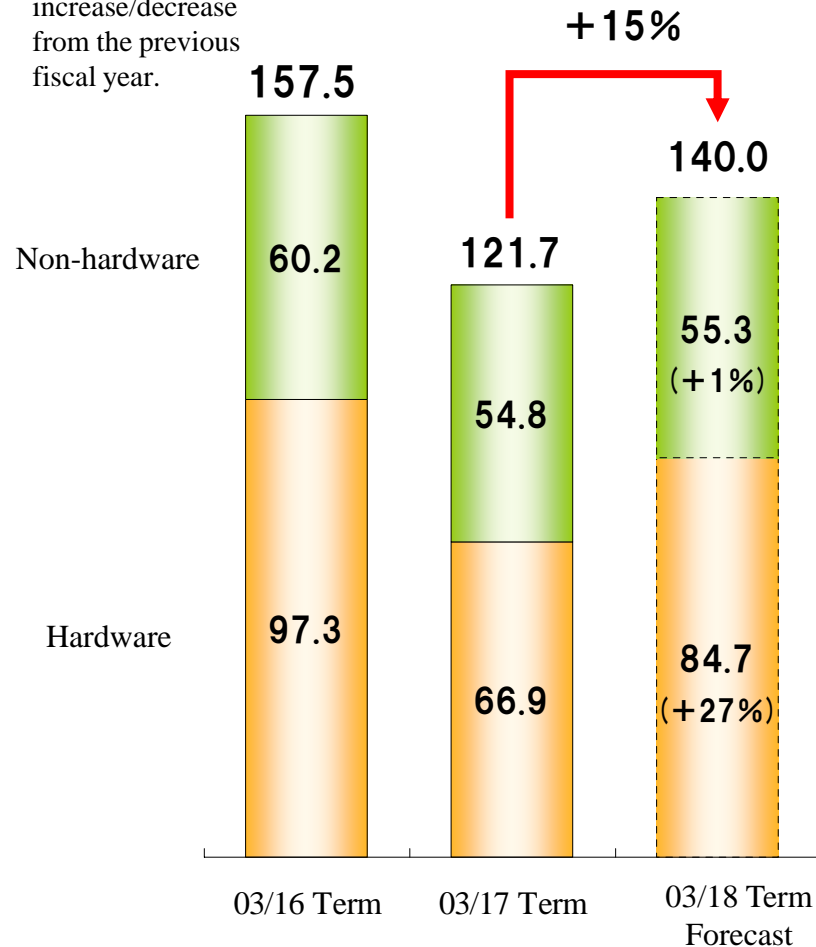
*Bar Graph: Net Sales
*Polygonal Line: Segment Profit



Changes in Net Sales by Product

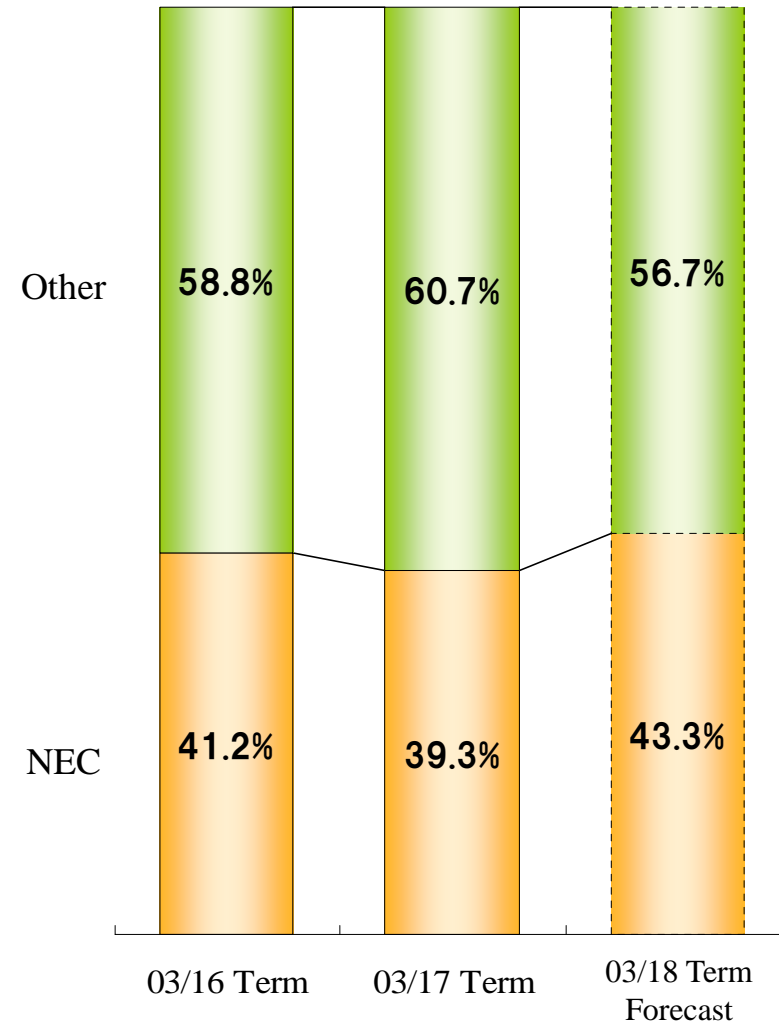
- Hardware: NW and public systems will increase
- Non-hardware: Public systems will increase but others will decrease slightly, resulting in a slight increase in net sales

*() shows an increase/decrease from the previous fiscal year.



Sales Composition Ratio by Supplier

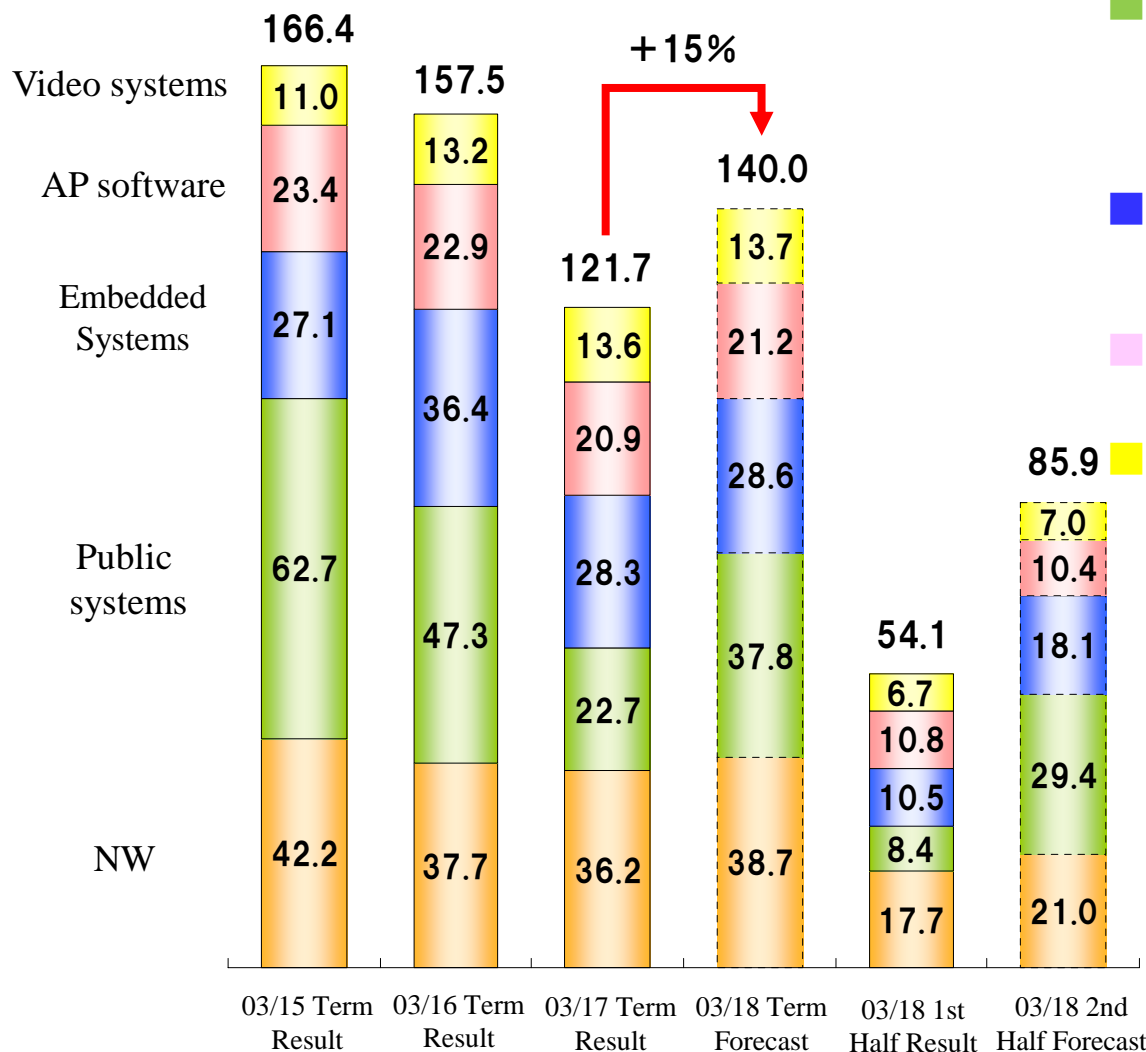
- Proportion taken by NEC is expected to expand in the fiscal year ending March 2018



Sales for the Full Year

【Year-to-Year Comparison of Fluctuations】

- NW
- Infrastructure-related business for private sector will increase
- Public Systems (fire stations & government agencies)
- Sales relating to digitalization of government disaster prevention radio systems will increase
- Embedded Systems
- Embedding of platform systems will increase
- AP Software
- Call centers/sales management will increase
- Video Systems
- Portable video transmitters/IPTV systems will increase



	YoY Change
NW	+7%
Public systems	+66%
Embedded systems	+1%
AP software	+1%
Video systems	+1%

**TRUST**

*Business cannot
succeed without trust.
It begins and ends
with trust.*

**PRINCIPLES**

*Do not just pursue
profit. But act based
on principles, which
can be realized
through self-
discipline.*

**SINCERITY**

*Always act sincerely.
Rise to the challenge
head-on.*

Thank you for your attention.

***Note for Use of This Reference Material**

Business forecasts and other statements contained in this reference material regarding the future are predictions based on information available at the time of writing and are not intended as a promise of performance on the part of the Company. Due to various factors, actual results may differ from assessment figures. Major factors affecting actual results are mainly those listed below.

- Economic conditions and consumption trends in Japan, North America and Asia
- Purchaser's production trends and product development
- Supplier's supply situation and product development
- Price drops due to intensifying competition
- Significant fluctuations in exchange rates